



UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE
United States Patent and Trademark Office
Address: COMMISSIONER FOR PATENTS
P.O. Box 1450
Alexandria, Virginia 22313-1450
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
-----------------	-------------	----------------------	---------------------	------------------

09/931,123

08/16/2001

Gary S. Foster

P10,0092

3575

26574

7590

04/23/2010

SCHIFF HARDIN, LLP
PATENT DEPARTMENT
233 S. Wacker Drive-Suite 6600
CHICAGO, IL 60606-6473

EXAMINER

FELTEN, DANIEL S

ART UNIT

PAPER NUMBER

3693

MAIL DATE

DELIVERY MODE

04/23/2010

PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte GARY S. FOSTER,
JEFFREY C. ADDIS,
ANDY LURO, and
MATTHEW SNOW

Appeal 2009-013300
Application 09/931,123
Technology Center 3600

Decided: April 23, 2010

Before HUBERT C. LORIN, ANTON W. FETTING, and
BIBHU R. MOHANTY, *Administrative Patent Judges*.

LORIN, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Gary S. Foster, et al. (Appellants) seek our review under 35 U.S.C. § 134 of the final rejection of claims 1, 3, 4, 6-9, and 15-28. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

SUMMARY OF DECISION

We AFFIRM-IN-PART.¹

THE INVENTION

The invention relates to a “system for facilitating the processing and settlement of securities trades.” Specification [0002].

Claim 1, reproduced below, is illustrative of the subject matter on appeal.

1. An apparatus for facilitating the processing and management of a securities trade comprising:
 - a computer;
 - trade execution information received by said computer, said trade execution information indicative of an executed trade by a first trading party;
 - software executing on said computer for determining block level trade execution information based upon said trade execution information;
 - trade order information received by said computer, said trade order information indicative of an ordered trade by a second trading party;
 - software executing on said computer for determining block level trade order information based upon said trade order information;
 - a set of predefined acceptable trade parameters; and

¹ Our decision will make reference to the Appellants’ Appeal Brief (“Br.,” filed Apr. 9, 2007) and the Examiner’s Answer (“Answer,” mailed Dec. 24, 2008).

software executing on said computer for comparing the block level trade execution information with the block level trade order information, and for determining that a match exists if the block level trade execution information and the block level trade order information correlate within said set of predefined acceptable trade parameters.

THE REJECTION

The Examiner relies upon the following as evidence of unpatentability:

Hawkins	US 5,497,317	Mar. 5, 1996
Sandhu	US 6,347,307 B1	Feb. 12, 2002

The following rejection is before us for review:

1. Claims 15-28 are rejected under 35 U.S.C. §101 as being directed to non-statutory subject matter.
2. Claims 1, 3, 4, 6-9, and 15-23 are rejected under 35 U.S.C. §103(a) as being unpatentable over Hawkins and Sandhu.

DISPOSITION OF THE APPEAL

The Examiner entered a new ground of rejection in the Examiner's Answer against claims 15-28 under 35 U.S.C. §101 as being directed to nonstatutory subject matter. Answer 3. The Examiner properly gave notice of the new ground of rejection (Answer 11) and the Technology Center Director approved it. Answer 12. As the Answer indicated (Answer 11-12), the Appellants were required to respond to the new grounds within two months in either of two ways: 1) reopen prosecution (*see* 37 CFR 41.39(a)(2)(b)(1)); or 2) maintain the appeal by filing a reply brief as set

forth in 37 CFR 41.41 (*see* 37 CFR 41.39(a)(2)(b)(2)), “to avoid *sua sponte* dismissal of the appeal as to the claims subject to the new ground of rejection.” Answer 11. According to the record before us, neither option appears to have been exercised.

Accordingly, the appeal as to claims 15-28, subject to the new ground of rejection under §101 as being directed to nonstatutory subject matter stands dismissed.

Upon return of the application to the Examiner, the Examiner should (1) cancel claims 15-28 subject to the new ground of rejection and (2) notify the Appellants that the appeal as to claims 15-28, subject to the new ground of rejection under §101, as being directed to nonstatutory subject matter, is dismissed and claims 15-28 are cancelled. *See* Manual of Patent Examining Procedure (MPEP) § 1207.03, 8th ed., Rev. 7, Jul. 2008.

Given that the appeal as to claims 15-28 stands dismissed, the rejections before us for review are reduced to as follows:

1. Claims 1, 3, 4, and 6-9 are rejected under 35 U.S.C. §103(a) as being unpatentable over Hawkins and Sandhu.

ISSUE

The issue is whether Hawkins discloses comparing block level trade execution information and block level trade order information. Br. 8.

FINDINGS OF FACT

We rely on the Examiner’s factual findings stated in the Answer (Ans. 7-8).

PRINCIPLES OF LAW

Obviousness

Section 103 forbids issuance of a patent when ‘the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.’

KSR Int'l Co. v. Teleflex Inc., 550 U.S. 398, 406 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, and (3) the level of skill in the art. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966). *See also KSR*, 550 U.S. 550 U.S. at 407 (“While the sequence of these questions might be reordered in any particular case, the [*Graham*] factors continue to define the inquiry that controls.”) The Court in *Graham* further noted that evidence of secondary considerations “might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented.” *Graham*, 383 U.S. at 17-18.

ANALYSIS

Claim 1

The Examiner found that

Hawkins discloses a security trade settlement device, as in which has a computer 24 (*see* Fig. 1, col. 4, ll. 19-24); trade execution information received by the computer database (*see* Abstract, col. 5, ll. 13+), said trade execution information indicative of an executed trade by a first trading party (*see* Abstract, col. 5, ll. 13+), software executing on said computer for determining block level trade execution information based upon said trade execution information (*see* col. 6, ll.50 to col. 7, ll. 50), trade order information

received by said computer, said trade order information indicative of an order trade by a second trading party (see Abstract, col. 5, ll. 13+; and col. 6, ll. 50 to col. 7, ll.50), software executing on said computer for determining block level trade order information indicative of an order trade by a second trading party (see col. 6, ll.50 to col. 7, ll.50), software executing on said computer for determining block level trade order information based upon said trade order information; (see col. 6, ll.50 to col. 7, ll.50), a set of predefined acceptable trade parameters(see Abstract, col. 5, ll. 13+; and col. 6, ll. 50 to col. 7, ll. 50), and software executing on said computer for comparing the block level trade execution information with the block level trade execution information, and for determining that a match exists if the block level trade execution information and the block level trade order information correlate within the set of predefined acceptable trade parameters (see Abstract, col. 5, ll. 13+; and col. 6, ll. 50 to col. 7, ll. 50; and column 7, line 51 to column 8, line 2).

Answer 9.

The Appellants dispute the Examiner's characterization that Hawkins discloses comparing block level trade execution information and block level trade execution information as the claim requires. "In accordance with the system and method of the present invention, it is such block level trade execution information and block level trade order information which is compared to determine whether or not a match exists." Br. 8 (emphasis original). According to the Appellants, the "system disclosed in Hawkins et al. operates in a completely different manner than does the present invention as claimed." Br. 8. In Hawkins, according to the Appellants, "the ordered trade form and the executed trade form must be entered sequentially." Br. 9 (emphasis original). The Appellants direct attention to col. 13, ll. 46-47; col. 14, ll. 23-24; and col. 11, ll. 48-56, which according to the Appellants shows "the executed trade form may be generated first, transmitted to the ordering

broker, and then the ordered trade form completed.” Br. 9.

The Examiner responded

The [A]ppellant asserts that it is the block level trade execution information and the block trade order information which is compared to determine whether or not a match exists. It is being maintained that Hawkins, like the [A]ppellants invention, compares settlement information and determines if a match exists based upon information correlated within a set of predefined acceptable trade settlement parameters (see column 6, line 59 to column 7, line 50; and particularly column 7, line 51 to column 8, line 2).

Answer 10.

We agree with the Examiner.

First, just because trade-related information is sequentially entered into a system does not necessarily mean the information cannot thereafter be compared and matched.

Second, irrespective of whether Hawkins discloses sequentially entering an ordered trade form and an executed trade form, settling accounts is a part of the normal course of business in the securities industry and performing that task necessarily requires comparing and matching ordered trades and executed trades.

Third, the claims on appeal are apparatus claims, not process claims. “[A]pparatus claims cover what a device is, not what a device does. An invention need not operate differently than the prior art to be patentable, but need only be different.” *Hewlett-Packard Co. v. Bausch & Lomb Inc.*, 909 F.2d 1464, 1468 (Fed. Cir. 1990). In that regard, the Appellants do not explain in what way the claimed apparatus is different from that of Hawkins, notwithstanding that the claimed subject matter performs a comparison and match of information and Hawkins sequentially enters the information.

Finally, Hawkins does appear to disclose comparing and matching of information as the Examiner has asserted. The Examiner pointed to col. 7, ll. 51 - col. 8, l. 2 (Answer 9). The Appellants have not addressed this disclosure. It states that brokers “match the allocation account and custodian delivery information.” Col. 7, ll. 52-53.

To the extent the Appellants would argue that Hawkins’s allocation account and custodian delivery information are not the same as the claimed block level trade execution information and block level trade order information, the distinction is a matter of the content of the information, that is, descriptive material. Patentable weight need not be given to descriptive material absent a new and unobvious functional relationship between the descriptive material and the substrate (here the system). *See In re Lowry*, 32 F.3d 1579, 1582-83 (Fed. Cir. 1994). *In re Ngai*, 367 F.3d at 1338. *See also, Ex parte Mathias*, 191 Fed. Appx. 959 (CCPA 2006). In that regard, the Appellants have not come forward with evidence sufficient to show that the structure of the system is functionally affected by it comparing and matching, specifically, block level trade execution information and block level trade order information as opposed to other trade-related information (as in Hawkins). Absent such evidence, it is reasonable to conclude that the claim limitations to block level trade execution information and block level trade order information are descriptive and not functionally related to any structure of the claimed system and as such falls under the category of patentably inconsequential subject matter. *See Ex parte Curry*, 84 USPQ2d 1272, 1275 (BPAI 2005) (informative) (“Common situations involving nonfunctional descriptive material are: - a computer-readable storage medium that differs from the prior art solely with respect to nonfunctional

descriptive material, such as music or a literary work, encoded on the medium, - a computer that differs from the prior art solely with respect to nonfunctional descriptive material that cannot alter how the machine functions (*i.e.*, the descriptive material does not reconfigure the computer), or - a process that differs from the prior art only with respect to nonfunctional descriptive material that cannot alter how the process steps are to be performed to achieve the utility of the invention.

Thus, if the prior art suggests storing a song on a disk, merely choosing a particular song to store on the disk would be presumed to be well within the level of ordinary skill in the art at the time the invention was made. The difference between the prior art and the claimed invention is simply a rearrangement of nonfunctional descriptive material.)” *See also Ex parte Mathias*, 84 USPQ2d 1276 (BPAI 2005) (informative). Nonfunctional descriptive material cannot render nonobvious an invention that would have otherwise been obvious. *In re Ngai*, 367 F.3d 1336, 1339 (Fed. Cir. 2004). *Cf. In re Gulack*, 703 F.2d 1381, 1385 (Fed. Cir. 1983) (when descriptive material is not functionally related to the substrate, the descriptive material will not distinguish the invention from the prior art in terms of patentability).

For the foregoing reasons, we find that the prima facie case of obviousness for the subject matter of claim 1 has not been overcome.

Claims 3, 4, 6-9

We agree with the Appellants that the Examiner does not appear to have addressed these claims. We have reviewed the Record but have been unable to determine how and why the Examiner has determined these claims

Appeal 2009-013300
Application 09/931,123

are obvious over Hawkins and Sandhu. Accordingly, the rejection of these claims will be reversed.

CONCLUSION

The rejection of claim 1 under 35 U.S.C. §103(a) as being unpatentable over Hawkins and Sandhu is sustained.

The rejection of claims 3, 4, and 6-9 under 35 U.S.C. §103(a) as being unpatentable over Hawkins and Sandhu is not sustained.

DECISION

The decision of the Examiner to reject claims 1, 3, 4, 6-9, and 15-23 is affirmed-in-part.

AFFIRMED-IN-PART

mev

SCHIFF HARDIN, LLP
PATENT DEPARTMENT
233 S. WACKER DRIVE-SUITE 6600
CHICAGO IL 60606-6473